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# Press Release

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**ATTORNEY GENERAL DARRELL V. MCGRAW, JR.  
SETTLES ANTITRUST CHARGES AGAINST  
COMPACT DISC DISTRIBUTORS AND RETAILERS**

Attorney General Darrell V. McGraw, Jr. announced today that five of the largest United States distributors of recorded music CDs and three large retailers agreed to pay \$67,375,000 in cash and provide \$75,500,000 worth of music CDs and not engage in sales practices that led to artificially high retail prices for music CDs. West Virginia expects to receive approximately 35,000 CDs worth about \$480,000. West Virginia's share of the cash component of the settlement will not be determined until the settlement receives final approval from the federal court.

West Virginia, along with 41 other states and three territories, filed an antitrust lawsuit in federal court two years ago against music distributors Bertelsmann Music Group, Inc., EMI Music Distribution, Warner-Elektra-Atlanta Corporation, Sony Music Entertainment, Inc., Universal Music Group, and national retail chains Transworld Entertainment Corporation, Tower Records, and Musicland Stores Corporation. The lawsuit claimed that the five music distributors (including their affiliated labels) and retailers entered into illegal conspiracies to raise the price of recorded music to consumers. The states also alleged that price competition among music CD retailers was reduced as a direct result of the conspiracy. The defendants deny these allegations.

"This settlement will curb the ability of music companies to artificially raise the price of CDs," said Attorney General McGraw. "Deep discounters will be free to advertise the low prices without fear of reprisal."

In the lawsuit, the states claimed the defendants used a "minimum advertised price" program, or "MAP," to raise and maintain the prices of music CDs. If retailers advertised prices below the distributors' set MAP price, the music distributors would sanction retailers by, among other things, refusing to pay them advertising support money. Thus, deep discounting retailers were forced to increase their prices to avoid being cut off from advertising support dollars. The settlement will prevent the distributors from forcing retailers to increase CD prices thus insuring strong price competition among all of the defendants.

Approximately 5,540,000 music CDs (including multiple disc sets), valued at \$75,700,000, will be distributed by the states to not-for-profit corporations, charitable groups, and government entities such as schools and libraries.

The settlement must be approved by the United States District Court for the District of Maine before the proceeds of the settlement can be distributed. Final approval of the settlement is not anticipated until early next year.

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